



# ValuAlliance Value Fund

## Market Review

Year on year Inflation increased to 11.44% in December 2018 from 11.28% and 11.26% in November and October respectively. On a month on month basis, the NBS reported that inflation increased by 0.74% in December, relative to 0.80% in November and 0.74% in October. As reported by the CBN, the Naira to Dollar rate closed the period at ₦306.5, recording a year to date depreciation of 0.32%. The Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX) closed the period at ₦364.18, recording a year to date depreciation of 1.16%. A total of US\$14.3 billion was traded on the I&E FX window during the quarter, a decrease of 7.74% from the previous quarter. Parallel market rates settled at about ₦361.00 to the dollar at the end of the period.

**Fixed Income Market:** During the period under review, the MPC voted to maintain the monetary policy rate at 14%. The cash reserve ratio and liquidity ratio were maintained at 22.5% and 30% respectively. The 180 day Nigerian Inter-Bank Treasury bill True Yield (NITTY) increased by 20 basis points over the quarter, closing at 13.41% from 13.21% at the start of the quarter. The increase was more pronounced for the longer Treasury Bill maturities. In the bond market, yield on the FGN 10 year bond increased by 47 bps over the quarter to close at 15.54%.

**Equity Market:** The NSE All Share Index declined by 4.08% over the quarter, closing at 31,430.50, resulting in a 17.81% year on year decline. Total value traded for the quarter was ₦209.715 billion, an increase of 2.30% relative to the previous quarter.

## Fund Review

During the quarter the Fund released its audited financial statements for the year ended 30th June 2018 achieving a total return of 20% at the end of its seventh financial year. At the Annual General Meeting which took place in December 2018, the Unitholders approved the distribution of ₦13/unit which was paid in December 2018.

**Portfolio Performance:** For the quarter under review, the Fund achieved a quarter on quarter and calendar year total return of 3.09% and 4.65% respectively (net of fees and expenses) to close the period at ₦153.11/unit. The performance was driven by the Fund's equity portfolio which achieved a 4.10% total return during the quarter.

**Portfolio Outlook:** Oil prices witnessed significant volatility during the quarter under review with average Brent Crude price declining by 38.87% to close at \$50.57. The domestic macroeconomic environment however continued to be positively impacted by stable production. We however expect an adverse impact on Government revenue if the volatility in oil prices is sustained, coupled with OPEC's decision to impose a quota of 1.685 mb/d on Nigeria's H1 2019 production. Other themes likely to impact the economy in the near term include monetary policies in advanced economies, ongoing trade tensions, inflationary pressures from increased spending by the Government, and heightened political and regulatory risks.

In consideration of these themes and their impacts, as well as the long-term potential of the Nigerian economy, the Fund Manager will continue to evaluate investment opportunities in the listed and unlisted equity with the intent to selectively increase the Fund's exposure to equities. Furthermore, the Fund Manager will take advantage of the rising interest rate environment in domestic and foreign market to improve the weighted yield of the portfolio.

## Top 5 Sector holdings -Equity - 31.12.18 Top 5 Equity Holdings - 31.12.18

Banking	27.79%	Zenith Bank
Agriculture	7.59%	Guaranty Trust Bank
Oil & Gas	7.57%	Seplat
Insurance	7.37%	WAMCO
FMCG	4.29%	Presco
Conglomerate	1.27%	

\*\* percentages represent equity holdings relative to Gross Asset Value of Fund

## Investment Objective

The ValuAlliance Value Fund aims to provide investors with capital growth over the long-term by investing in listed and unlisted Nigerian equities and other securities as approved by SEC. The Fund pursues a total return objective.

## Investment Strategy

The Fund pursues a pragmatic value philosophy. Thus, the Fund invests in securities which are sufficiently undervalued relative to their intrinsic value. It seeks securities with low earnings multiples, low price to book ratio, and which are trading at an acceptable margin of safety to the Fund Manager's assessment of fair value.

## Fund Information

<b>Classification:</b>	Closed End Fund listed on the NSE
<b>Start Date:</b>	30th June 2011
<b>Trustees:</b>	Leadway Capital & Trusts Limited
<b>Custodian:</b>	Stanbic IBTC Bank Plc
<b>GAV:</b>	N4,936million
<b>NAV:</b>	N4,914million
<b>Total Distribution:</b>	N2,209 million (Inception till date)
<b>Total Distribution/unit:</b>	N68.83 per unit (Inception till date)
<b>Latest Distribution:</b>	N13.00 per unit (Paid in December 2018)
<b>Market Price:</b>	N103.2 per unit
<b>NAV/Unit:</b>	N153.11 per unit

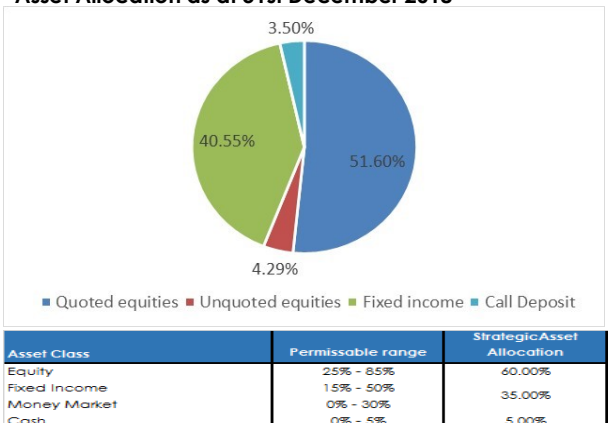
## Key Statistics as at 31.12. 2018 (net of fees & expenses)

Calendar YTD	CAGR (since inception)	HPR (since inception)	*Total expense ratio	**Total expense ratio
4.65%	11.22%	121.94%	1.58%	1.54%

\* Trailing 12 months exclusive of incentive fee

\*\* Trailing 12 months inclusive of incentive fees

## Asset Allocation as at 31st December 2018



## Manager Information:

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